

**MONTHLY OPERATING REPORT****CHAPTER 11**CASE NAME: Warehouse 86, LLCCASE NUMBER: 08-03423-EEFor Period Jan. 1 to Jan. 31, 200 10Mark One Box For Each  
Required Report/Document**THIS REPORT IS DUE 15 DAYS AFTER THE END OF THE MONTH.**  
The debtor must attach each of the following reports unless the United States Trustee has waived the requirement in writing. File original with Clerk of Court and duplicate with UST with an original signature.

Report/Document Attached	Previously Waived	REQUIRED REPORTS/DOCUMENTS
(mark only one - attached or waived)		
(x)	( )	Comparative Balance Sheet (Form 2-B)
(x)	( )	Profit and Loss Statement (Form 2-C)
(x)	( )	Cash Receipts & Disbursements Statement (Form 2-D)
(x)	( )	Supporting Schedules (Form 2-E)
(x)	( )	Narrative (Form 2-F)
(x)	( )	Copies of Bank Statement(s) and Reconciliations of Bank Balance to Book Balance for all Account(s)

**I declare under penalty of perjury that the following Monthly Financial Report and any  
attachments thereto, are true and correct to the best of my knowledge and belief.**Executed on: March 8, 2010Debtor(s)\*: Warehouse 86, LLCBy:\*\* Position: Chief Financial OfficerName of Preparer: Ernest K. Strahan, IIITelephone No.  
of Preparer: 901-628-8545

\*both debtors must sign if a joint petition

\*\*for corporate or partnership debtor

CASE NAME: Warehouse 86, LLC

CASE NUMBER: 08-03423-EE

## COMPARATIVE BALANCE SHEET

	Filing Date									
	11/04/08	Month	Aug-09	Month	Sep-09	Month	Oct-09	Month	Nov-09	Month
<b>ASSETS:</b>										
CURRENT ASSETS:										
Cash	89,361		104,002		98,930		98,208		98,170	
Accounts Receivable, Net	152,270		611		611		611		611	
Inventory, at lower of cost or market	73,633		0		0		0		0	
Prepaid expenses & deposits*	68,702		82,502		82,502		82,502		82,502	
Other										
TOTAL CURRENT ASSETS	383,966		187,115		182,043		184,321		181,283	
PROPERTY, PLANT & EQUIPMENT**	2,178,073		0		0		0		0	
Less accumulated depreciation	-1,124,978		0		0		0		0	
NET PROPERTY, PLANT & EQUIPMENT	1,053,096		0		0		0		0	
OTHER ASSETS										
Interests in incorporated businesses	6,573		0		0		0		0	
Insurance claim from tornado & fire, registered name, customer lists (unknown)										
TOTAL OTHER ASSETS	6,573		0		0		0		0	
<b>TOTAL ASSETS</b>	<b>1,443,634</b>		<b>187,115</b>		<b>182,043</b>		<b>181,321</b>		<b>181,283</b>	

If assets are carried at historical cost on debtor's accounting records and debtor elects to show them as such on the monthly reports, note the change above and include remarks on FORM 2-F (Narrative). All subsequent reports must then carry these assets at that value. Do not use historical cost one month and fair market value the next.

\*\*This number does not include \$1,117,225.84, the estimated reduction due to the tornado/fire.

\*This is a corrected number to reflect that the pre-petition retainer of \$35,000 should have properly been shown as a pre-petition legal expense since there was no balance as of the date of the filing of the bankruptcy petition.

CASE NAME: Warehouse 86, LLC

CASE NUMBER: 08-03423-EE

## COMPARATIVE BALANCE SHEET

LIABILITIES:	Filing Date											
	11/04/08	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10					
POST-PETITION LIABILITIES ***												
Taxes Payable (FORM 2-E, P. 1 of 3)		-	-	-	-	-	-					
Accounts Payable (FORM 2-E, P. 1 of 3)*	0	-	-	-	-	36,152						
Other - DIP Loan		-	-	-	-	-	-					
TOTAL POST-PETITION LIABILITIES	0	-	-	-	-	36,152	-					
PRE-PETITION LIABILITIES ***												
Notes Payable-Secured	1,264,902	3,732	3,732	3,732	3,732	3,732	3,732					3,732
Priority Debt	9,000	9,000	9,000	9,000	9,000	9,000	9,000					9,000
Priority Debt-Unsecured	19,000	19,000	19,000	19,000	19,000	19,000	19,000					19,000
Unsecured Debt**	2,562,082	2,516,413	2,516,413	2,516,413	2,516,413	2,516,413	2,516,413					2,516,413
Other												
TOTAL PRE-PETITION LIABILITIES	3,854,984	2,548,145	2,548,145	2,548,145	2,548,145	2,548,145	2,548,145					2,548,145
TOTAL LIABILITIES	3,854,984	2,548,145	2,548,145	2,548,145	2,548,145	2,584,297	2,548,145					
EQUITY (DEFICIT)												
PREFERRED STOCK												
COMMON STOCK												
PAID-IN CAPITAL												
RETAINED EARNINGS												
Through Filing Date****	(2,411,350)	(2,411,350)	(2,411,350)	(2,411,350)	(2,411,350)	(2,411,350)	(2,411,350)					(2,411,350)
Post Filing Date		32,340	50,320	45,248	44,526	(8,113)	(8,501)					
TOTAL EQUITY (NET WORTH)	(2,411,350)	(2,379,010)	(2,361,030)	(2,366,102)	(2,366,824)	(2,419,463)	(2,419,851)					
TOTAL LIABILITIES & EQUITY	1,443,634	169,135	187,115	182,043	181,321	164,834	128,294					

\*Reflects disputed insurance charge-Reconciled June 2009

\*\*Reflects payment of utility charges and insurance premiums pursuant to court order

\*\*\*Reflects updated November pre and post-petition liability balances due to final reconciliation.

Post-petition payables applied to pre-petition in April 2009

\*\*\*\*This reflects a change to move a \$36,000 pre-petition retainer that should have been a pre-petition legal expense.

CASE NAME: Warehouse 86, LLC

CASE NUMBER: 08-03423-EE

## PROFIT AND LOSS STATEMENT

	Month Aug-09	Month Sep-09	Month Oct-09	Month Nov-09	Month Dec-09	Month Jan-10
<b>NET REVENUE</b>	0	0	0	0	0	0
<b><u>COST OF GOODS SOLD:</u></b>						
Material	0	0	0	0	0	0
Labor-Direct	0	0	0	0	0	0
Overhead	0	0	0	0	0	0
<b>TOTAL COST OF GOODS SOLD</b>	0	0	0	0	0	0
<b>GROSS PROFIT</b>	0	0	0	0	0	0
<b><u>OPERATING EXPENSES</u></b>						
Selling & Marketing						
General & Administration (Rents, utilities, salaries, etc.)	(18,135)	5,089	650	0	51,799	325
Other						
<b>TOTAL OPERATING EXPENSES</b>	(18,135)	5,089	650	0	51,799	325
<b>INTEREST EXPENSE</b>	205	40	72	38	53	63
<b>INCOME BEFORE DEPRECIATION OR TAXES</b>	17,930	(5,129)	(722)	(38)	(51,852)	(388)
<b><u>DEPRECIATION OR AMORTIZATION:</u></b>	0	0	0	0	0	0
<b>OTHER INCOME</b>	50	0	0	0	0	0
<b>GAIN/LOSS ON DISPOSAL OF FIXED ASSETS</b>	0	0	0	0	0	0
<b>NET INCOME (LOSS)</b>	17,980	(5,129)	(722)	(38)	(51,852)	(388)

\*Requires explanation in NARRATIVE (FORM 2-F).

CASE NAME: Warehouse 86, LLCCASE NUMBER: 08-03423-EE**CASH RECEIPTS AND DISBURSEMENTS STATEMENT**For Period Jan. 1 to Jan. 31, 200 10**CASH RECONCILIATION**

1.	Beginning Cash Balance (Ending Cash Balance from last month's report)		<u>\$ 98,178</u>
2.	Cash Receipts (total Cash Receipts from page 2 of all FORM 2-D's)	<u>\$ 0</u>	
3.	Cash Disbursements (total Cash Disbursements from page 3 of all FORM 2-D's)	<u>\$ 36,540</u>	
4.	Net Cash Flow		<u>\$ (36,540)</u>
5.	Ending Cash Balance (to FORM 2-B)		<u>\$ 61,638</u>

**CASH SUMMARY - ENDING BALANCE**

	<u>Amount*</u>	<u>Financial Institution</u>
1. Operating Account	\$ -	Bank of America-3903
2. Operating Account	\$ -	Bank of America-9451
3. Payroll Account	\$ -	Bank of America-5429
4. Sales Account	\$ -	PayPal
5. Sales Account	\$ -	PayPal Alt
6. Money Market Account	\$ 6,851	Bank of America-DIP
7. Operating Account	\$ 42,102	Bank of America-DIP
8. Payroll Account	\$ 12,686	Bank of America-DIP Payroll
<b>TOTAL (must agree with line 5 above)</b>	<u>\$ 61,639</u>	

\*These amounts should be equal to the previous month's balance for the account plus this month's receipts less this month's disbursements.

**ADJUSTED CASH DISBURSEMENTS**

Cash disbursements on Line 3 above less  
inter-account transfers & UST fees paid \$ 36,540

\*NOTE: This amount should be used to determine UST quarterly fees due and agree with Form 2-D, page 2 of 4.



CASE NAME: Warehouse 86, LLCCASE NUMBER: 08-03423-EE**QUARTERLY FEE SUMMARY**

MONTH ENDED JANUARY 2010

Payment Date	Cash Disbursements*	Quarterly Fee Due	Check No.	Date
January	\$ <u>36,540</u>			
February	\$ _____			
March	\$ _____			
Total				
1st Quarter	\$ <u>36,540</u>	\$ _____	_____	_____
April	\$ _____			
May	\$ _____			
June	\$ _____			
Total				
2nd Quarter	\$ <u>0</u>	\$ _____	_____	_____
July	\$ _____			
August	\$ _____			
September	\$ _____			
Total				
3rd Quarter	\$ <u>0</u>	\$ _____	_____	_____
October	\$ _____			
November	\$ _____			
December	\$ _____			
Total				
4th Quarter	\$ <u>0</u>	\$ _____	_____	_____

Fee Schedule  
DISBURSEMENT CATEGORY

## QUARTERLY FEE DUE

Less than \$14,999.00	\$325
\$15,000-\$74,999.99	\$650
\$75,000-\$149,999.99	\$975
\$150,000-\$224,999.99	\$1,625
\$225,000-\$299,999.99	\$1,950
\$300,000-\$999,999.99	\$4,875
\$1,000,000-\$1,999,999.99	\$6,500
\$2,000,000-\$2,999,999.99	\$9,750
\$3,000,000-\$4,999,999.99	\$10,400
\$5,000,000 and above	\$13,000

Note that a minimum payment of \$250 is due each quarter even if no disbursements are made in the case during the period.

\*Note: should agree with "adjusted cash disbursements" at bottom of Form 2-D, Page 1 of 4. Disbursements are net of transfers to other debtor in possession bank accounts and net of payments of prior period quarterly fees.

CASE NAME: Warehouse 86, LLCCASE NUMBER: 08-03423-EE**CASH RECEIPTS AND DISBURSEMENTS STATEMENT**

(This form should be completed for each type of account  
listed on page 1 of FORM 2-D that the debtor maintained during the month.)

For Period Jan. 1 to Jan. 31, 200 10Account Name: DIP-Payroll Account Account Number: 3755551966**CASH RECEIPTS JOURNAL**

(attach additional sheets as necessary)

<u>Date</u>	<u>Description (Source)</u>	<u>Amount</u>
-------------	-----------------------------	---------------

Total Cash Receipts \$ -

CASE NAME: Warehouse 86, LLCCASE NUMBER: 08-03423-EE**CASH RECEIPTS AND DISBURSEMENTS STATEMENT**

(This form should be completed for each type of account listed on page 1 of FORM 2-D that the debtor maintained during the month.)

For Period Jan. 1 to Jan. 31, 200 10Account Name: DIP-Payroll Account Account Number: 3755555454**CASH RECEIPTS JOURNAL**

(attach additional sheets as necessary)

<u>Date</u>	<u>Description (Source)</u>	<u>Amount</u>
01/31/2010	Interest Income	0.28

Total Cash Receipts \$ 0.28



CASE NAME: Warehouse 86, LLC

CASE NUMBER: 08-03423-EE

**CASH RECEIPTS AND DISBURSEMENTS STATEMENT**

(This form should be completed for each type of account listed on page 1 of FORM 2-D that the debtor maintained during the month.)

For Period Jan. 1 to Jan. 31, 200 10

Account Name: Bank of America-DIP Account Number: 3755551953

**CASH RECEIPTS JOURNAL**

(attach additional sheets as necessary)

<u>Date</u>	<u>Description (Source)</u>	<u>Amount</u>
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Total Cash Receipts \$ 0.00

CASE NAME: Warehouse 86, LLC

CASE NUMBER: 08-03423-EE

### CASH RECEIPTS AND DISBURSEMENTS STATEMENT

(This form should be completed for each type of account  
listed on page 1 of FORM 2-D that the debtor maintained during the month.)

For Period Jan. 1 to Jan. 31, 200 10

Account Name: DIP-General Account Account Number: 3755551953

### CASH DISBURSEMENTS JOURNAL

(attach additional sheets as necessary)

<u>Date</u>	<u>Check No.</u>	<u>Payee</u>	<u>Description (Purpose)*</u>	<u>Amount</u>
01/31/2010		Bank of America	Service charge	\$32.31
01/14/2010	20126	Butler Snow	Legal fees	\$36,152.34
01/20/2010	20127	US Trustee	Bankruptcy fees	\$325.00

Total Cash Disbursements \$36,509.65

\*Identify any payments to professionals, owners, partners, shareholders, officers, directors or any insiders and all adequate protection payments ordered by the court with an asterisk or highlighting. Any payments made as a result of a court order, should indicate the order date.

CASE NAME: Warehouse 86, LLC

CASE NUMBER: 08-03423-EE

### CASH RECEIPTS AND DISBURSEMENTS STATEMENT

(This form should be completed for each type of account listed on page 1 of FORM 2-D that the debtor maintained during the month.)

For Period Jan. 1 to Jan. 31, 200 10

Account Name: DIP-Money Market Account Account Number: 3755555454

### CASH DISBURSEMENTS JOURNAL

(attach additional sheets as necessary)

<u>Date</u>	<u>Check No.</u>	<u>Payee</u>	<u>Description (Purpose)*</u>	<u>Amount</u>
01/01/2010		Bank of America	Service charge	\$0.05

Total Cash Disbursements \$0.05

\*Identify any payments to professionals, owners, partners, shareholders, officers, directors or any insiders and all adequate protection payments ordered by the court with an asterisk or highlighting. Any payments made as a result of a court order, should indicate the order date.

CASE NAME: Warehouse 86, LLC

CASE NUMBER: 08-03423-EE

### CASH RECEIPTS AND DISBURSEMENTS STATEMENT

(This form should be completed for each type of account  
listed on page 1 of FORM 2-D that the debtor maintained during the month.)

For Period Jan. 1 to Jan. 31, 200 10

Account Name: DIP-Payroll Account Account Number: 3755551966

### CASH DISBURSEMENTS JOURNAL

(attach additional sheets as necessary)

<u>Date</u>	<u>Check No.</u>	<u>Payee</u>	<u>Description (Purpose)*</u>	<u>Amount</u>
01/01/2010		Bank of America	Service Charge	30.45

Total Cash Disbursements      \$ 30.45

\*Identify any payments to professionals, owners, partners, shareholders, officers, directors or any insiders and all adequate protection payments ordered by the court with an asterisk or highlighting. Any payments made as a result of a court order, should indicate the order date.







CASE NAME: Warehouse 86, LLC CASE NUMBER: 08-03423-EE

**SUPPORTING SCHEDULES**

For Period Jan. 1 to Jan. 31, 2009

**INSURANCE SCHEDULE**

Type	Carrier/Agent	Coverage (\$)	Date of Expiration	Premium Paid
General Liability	Employers Mutual Casualty Marchetti Robertson & Brickell	1,000,000	4/15/09	Yes
Property (Fire, Theft)	Employers Mutual Casualty Marchetti Robertson & Brickell	1,000,000	4/15/09	Yes
Vehicle	General Insurance Co. of America Marchetti Robertson & Brickell	1,000,000	4/29/09	Yes
Other (list): Excess/Umbrella**	National Union Fire Ins. Co. Marchetti Robertson & Brickell	3,000,000	4/29/09	Yes

\*\*Umbrella Liability policy was cancelled on 4/29/09 when last of underlying insurance coverage expired.

**Note: All insurance policies are expired, as there are no employees or property to insure.**

(1) Attach copy of certificate of insurance or declaration page of policy for any coverage renewed or replaced during the current reporting month.

(2) For the premium paid column enter "yes" if payment of premium is current or "no" if premium payment is delinquent. If "no", explain on Form 2-F, Narrative.

CASE NAME: Warehouse 86, LLC CASE NUMBER: 08-03423-EE

**NARRATIVE STATEMENT**

For Period Jan. 1 to Jan. 31, 2009

Please provide a brief description of the significant business and legal action by the debtor, its creditors or the court during the reporting period. Comments should include any change in bank accounts, explanation of extraordinary expenses, and purpose of any new post-petition financing. Comments should also include debtor's efforts during the month to rehabilitate the business and to develop a plan.

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

CUSTOMER CONNECTION  
 BANK OF AMERICA, N.A.  
 DALLAS, TEXAS 75283-2406

Account Number 3755551953  
 01 01 152 01 M0000 E# 2  
 Last Statement: 12/31/2009  
 This Statement: 01/29/2010

Customer Service  
 1-877-757-8233

WAREHOUSE 86 LLC  
 DEBTOR IN POSSESSION #08-03423  
 GENERAL PAYABLES ACCOUNT  
 PO BOX 16692  
 JACKSON MS 39236

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Bankruptcy Case Number: 0803423

# ANALYZED CHECKING

## Account Summary Information

Statement Period 01/01/2010 - 01/29/2010	Statement Beginning Balance	78,830.91
Number of Deposits/Credits 1	Amount of Deposits/Credits	61.70
Number of Checks 2	Amount of Checks	36,477.34
Number of Other Debits 1	Amount of Other Debits	32.31
	Statement Ending Balance	42,382.96
Number of Enclosures 2	Service Charge	.00

## Deposits and Credits

Date Posted	Customer Reference	Amount	Description	Bank Reference
01/07		61.70	TN BANKING CENTER DEPOSIT	44204020950697

## Withdrawals and Debits

### Checks

Check Number	Amount	Date Posted	Bank Reference	Check Number	Amount	Date Posted	Bank Reference
20126	36,152.34	01/19	6592494323	20127	325.00	01/26	6892913960

### Other Debits

Date Posted	Customer Reference	Amount	Description	Bank Reference
01/15		32.31	Account Analysis Fee ANALYSIS CHARGE DECEMBER BILLING FOR DETAIL 37555-51953	08790044497

## Daily Balances

Date	Ledger Balance	Collected Balance	Date	Ledger Balance	Collected Balance
12/31	78,830.91	78,830.91	01/15	78,860.30	78,860.30
01/07	78,892.61	78,830.91	01/19	42,707.96	42,707.96
01/11	78,892.61	78,888.91	01/26	42,382.96	42,382.96
01/12	78,892.61	78,892.61	01/29	42,382.96	42,382.96

**Bank of America**

CUSTOMER CONNECTION  
BANK OF AMERICA, N.A.  
DALLAS, TEXAS 75283-2406



Account Number 3755551966  
01 01 152 01 M0000 E# 0  
Last Statement: 12/31/2009  
This Statement: 01/29/2010



NX 0000 01 000 183 006886 #001 MB 0.382  
WAREHOUSE 86 LLC  
DEBTOR IN POSSESSION #08-03423  
PAYROLL ACCOUNT  
PO BOX 16692  
JACKSON MS 39236

Customer Service  
1-877-757-8233

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Bankruptcy Case Number: 0803423

**ANALYZED CHECKING****Account Summary Information**

Statement Period 01/01/2010 - 01/29/2010	Statement Beginning Balance	12,716.75
Number of Deposits/Credits 0	Amount of Deposits/Credits	.00
Number of Checks 0	Amount of Checks	.00
Number of Other Debits 1	Amount of Other Debits	30.45
	Statement Ending Balance	12,686.30
Number of Enclosures 0		
	Service Charge	.00

**Withdrawals and Debits****Other Debits**

Date Posted	Customer Reference	Amount	Description	Bank Reference
01/15		30.45	Account Analysis Fee ANALYSIS CHARGE DECEMBER BILLING FOR DETAIL 37555-51966	08790044498

**Daily Balances**

Date	Ledger Balance	Collected Balance	Date	Ledger Balance	Collected Balance
12/31	12,716.75	12,716.75	01/29	12,686.30	12,686.30
01/15	12,686.30	12,686.30			

**Bank of America**

CUSTOMER CONNECTION  
BANK OF AMERICA, N.A.  
DALLAS, TEXAS 75283-2406



Account Number 3755555454  
01 01 152 01 M0000 E# 0  
Last Statement: 12/31/2009  
This Statement: 01/29/2010



NX 0000 01 000 183 006887 #001 MB 0.382  
WAREHOUSE 86 LLC  
DEBTOR IN POSSESSION #08-03423  
MMS ACCOUNT  
PO BOX 16692  
JACKSON MS 39236

Customer Service  
1-877-757-8233

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Bankruptcy Case Number: 0803423

**MONEY MARKET SAVINGS****Account Summary Information**

Statement Period 01/01/2010 - 01/29/2010	Statement Beginning Balance	6,850.75
Number of Deposits/Credits 1	Amount of Deposits/Credits	.28
Number of Checks 0	Amount of Checks	.00
Number of Other Debits 1	Amount of Other Debits	.05
	Statement Ending Balance	6,850.98
Number of Enclosures 0	Service Charge	.05

**Interest Information**

Amount of Interest Paid .28	Interest Paid Year-to-Date	.28
Annual Percentage Yield Earned .05%		

**Deposits and Credits**

Date Posted	Customer Reference	Amount	Description	Bank Reference
01/29		.28	INTEREST PAID ON 31 DAYS AVERAGE COLLECTED BALANCE OF \$6,850.75	09840003891

**Withdrawals and Debits****Other Debits**

Date Posted	Customer Reference	Amount	Description	Bank Reference
01/29		.05	FDIC ASSESSMENT	

**Daily Balances**

Date	Ledger Balance	Collected Balance	Rate	Date	Ledger Balance	Collected Balance	Rate
12/31	6,850.75	6,850.75	.050	01/29	6,850.98	6,850.98	.050